

VZCZCXRO3611

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RUEHLZ RUEHNP RUEHPOD RUEHROV RUEHSR RUEHVK RUEHYG

DE RUEHSK #0027/01 0231339

ZNR UUUUU ZZH

R 231339Z JAN 09

FM AMEMBASSY MINSK

TO RUEHC/SECSTATE WASHDC 0076

INFO RUEHZN/EUROPEAN POLITICAL COLLECTIVE

RUEHSK/AMEMBASSY MINSK 0077

UNCLAS SECTION 01 OF 02 MINSK 000027

SIPDIS

E.O. 12958: N/A

TAGS: PGOV PREL PHUM ECON ENRG BO

SUBJECT: BELARUS WEEKLY POL/ECON REPORT - JANUARY 23, 2009

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¶1. The following are brief items of interest compiled by Embassy Minsk.

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Civil Society

¶2. Opposition Youth's Draft Order Suspended

A Minsk district court suspended draft orders January 22 for Belarusian Popular Front youth group leader Franak Vyachorka due to violations of draft procedures. The National Military Hospital declared Vyachorka fit and eligible for military service on January 16 despite what the activist called an "improper" health examination. Vyachorka was reportedly beaten by police officers at the hospital and forcefully transported to a draft office then later released. His mother was also briefly detained at the draft office. Vyachorka and Soligorsk-based Malady Front leader Ivan Shylo condemned their conscriptions as "politically motivated persecution" by means of "repressive medicine." In a separate case, the Pinsk-based For Freedom movement activist Igor Solovey was conscripted January 20 in spite of a heart condition.

¶3. Opposition Denied Meeting Venues

The United Democratic Forces (UDF) announced on January 21 that they are postponing until February a conference to establish a

group of over 900 activists to collect signatures and petition for democratic amendments to current electoral laws. The decision came after Minsk city authorities denied leasing seven venues requested by the UDF for a January 25 meeting. The UDF leaders expressed doubt that they would be able to find a suitable venue and may instead arrange an outdoor meeting.

¶4. Demonstration Dispersed, Opposition Youth Leaders Detained

On January 16, police dispersed opposition youth peacefully demonstrating in central Minsk to mark Solidarity Day in remembrance of disappeared Belarusian politicians. No detentions were reported. In a separate incident on January 16, the Maladaya Belarus youth group leader Artur Finkevich and his associate Sergey Kostylevko were arrested while distributing leaflets about the disappearances and interrogated at a police precinct. The police released both activists without charge.

¶5. Prominent Human Rights Center Applies for Registration

On January 18, prominent human rights advocates, independent journalists, and civil society activists from across Belarus held a founding conference for the human rights center Novaya Vyasna aimed at enabling the center's official registration. The Vyasna center, deregistered in 2003 though still assisting regime victims, has been denied registration numerous times for various reasons. The GOB also ignored the 2007 UN Human Rights Committee ruling that the organization should be re-registered and the group compensated for damages to the center.

¶6. Free Trade Union Member Convicted

On January 16, the Bobruisk City Court sentenced local factory worker and free trade union member Vassiliy Kurlyandchyk to 18 months of community service for allegedly beating a factory manager in August 2008. Kurlyandchyk claimed that he himself received head and brain injuries and was hospitalized for two

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weeks as a result of the incident, and the incident and charges stem from the activist's multiple complaints to management over illegal salary deductions for allegedly producing flawed products. Kurlyandchyk dismissed the allegations as "ungrounded" and will appeal to a higher court.

Domestic Economy

¶7. National Bank Says Cash Hard Currency Deficit is no Longer a Problem

Deputy Chairman of the Board of the National Bank Nikolai Luzgin told directors of Belarus' major industrial businesses, the Directors' Club, on January 16 that domestic banks are no longer deficient of cash hard currency for use in consumer exchange offices and said that currency supplies in the non-cash market have also increased. Anecdotal evidence, however, reflects that industries seeking to buy imports with hard currency continue to encounter substantial difficulties. Luzgin reported that Belarus and Russia have drafted an agreement to transfer payments for Russian energy supplies into Russian rubles (RUR). He opined that this would significantly benefit the Russian economy and should make Belarus' eligible for another Russian loan of RUR 100 billion, which they applied for in December 2008.

¶8. Growing Supplies of Unsold Products Bring Turmoil to Economy

Speaking to the Directors' Club on January 16, Statistics Minister Vladimir Zinovsky said that the global financial and economic crisis caused a sharp increase in supplies of unsold industrial products between October and December 2008. Stocks of manufactured trucks and tractors have grown two-fold; stocks of unsold potassium fertilizers have grown 21 times and polyethylene products - 94 times. Last November, Belarusian industrial enterprises received only 8.2 percent of their net

profits obtained in July 2008. Deputy Economy Minister Andrei Tur added that inflation in the first week of January was 2.8 percent.

19. Gas Prices For Legal Entities up 10 Percent as of January 1

The Economy Ministry issued a resolution on January 14 increasing natural gas prices 10 percent for Belarusian legal entities and individual entrepreneurs as of January 1, 2009. While in January 2008 the price was USD 145 per one thousand cubic meters (tcm) and in August 2008 it was USD 158.6 per tcm, the current price is USD 174 per tcm. Until now, neither Belarus nor Russia have announced Russia's new natural gas price for Belarus in 2009. Unofficial speculation estimates the likely price to be about USD 160 per tcm.

110. Belarus and Russia to Sign Agreement on Peaceful Use of Nuclear Energy

According to media reports, Russia and Belarus will finalize and sign an agreement in the first quarter of the year on the peaceful use of nuclear energy. The agreement will entitle both sides to start direct talks on the construction of a nuclear power plant (NPP) in Belarus. The GOB and Russia's State Corporation Rosatom held talks in Minsk on January 21 to discuss the details of the project. Vice Premier Vladimir Semashko was quoted saying that the country's leadership is inclined to contract Russia's Atomstroyexport company to manage the NPP project.

Quote of the Week

111. During talks with Ukrainian President Viktor Yushchenko in the city of Chernigov January 20, President Lukashenka said,

"I would like to thank you for the enormous support that you provided at various levels while meeting with Europeans and Americans. You should be credited for establishing a dialogue between Belarus and the West. . . We have always been together supporting each other in hard times~ There is no allergy in Belarus neither towards Ukraine as a state, nor towards Ukrainian industry."

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